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DEPARTMENT OF STATE
WASHINGTON

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from

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January 26, 1954

MEMORANDUM FOR: Assistant Director, Research and Reports
Attn: [REDACTED] 25X1A
Central Intelligence Agency

SUBJECT: Comments on ORR Paper on Hong Kong
State Department Reporting

25X1A 1. I appreciate your kindness in giving me the opportunity to comment on [REDACTED] paper. While he has pointed up the shortcomings of economic reporting I feel that certain steps have been taken which should result shortly in a marked improvement. Further, it should be emphasized that there are many difficulties which up to now have diminished the effectiveness of our efforts.

25X1X

25X1X 2. With reference to paragraph 2(a) China Mainland Press, extracts of economic articles only, at the expense of the present translations, would certainly not serve the needs of the Consulate General or the Department. [REDACTED]

25X1X [REDACTED] Consequently, the time for translation in either event is very limited.

25X1A The Unit has recently received some microfilm equipment which will enable it to make copies of such items to enable them to have more time for the translations and also to maintain a file of previous issues for background articles. The Department is in complete accord with [REDACTED] sentiments that we would like to obtain more economic information but the chances of getting it are rather slim under present budgetary limitations. Hong Kong requested two additional translators to monitor periodicals and thus bolster the diminishing volume of material available. However, the Department of State has not the funds to comply with this request. As you know FDD receives copies of the periodicals and newspapers which are not exploited in Hong Kong. Perhaps something might be done with them to speed up exploitation of these materials.

3. There are British restrictions on the size of the staff in Hong Kong. However, I see no useful purpose in cutting the size

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of the translating staff to add to the interrogating staff. First, the Consulate General must have the translations to do a competent job in the field and he could not operate efficiently by having translated material sent back by Washington. Secondly, the number of persons coming out of China available for interrogation by the Consulate General is rapidly declining. The present staff is fully capable of interrogating them.

25X1A 4. In paragraph 2(b), we feel that Arthur Rosen our PPO in Hong Kong has had remarkable success in getting material. The fact that [REDACTED] leads me to believe that the failure of ORR to obtain needed material in this category is the result of some internal distribution difficulty within the Agency.

5. With reference to paragraph 3, DRF does not agree with the comment on US interrogations. The Consulate General's reports are, in fact, usually very good. Poor ones are undoubtedly due to lack of cooperation on the part of the person interviewed or his non-availability for full questioning. Hong Kong is a transit point for most of these refugees, and they are usually in a hurry to get to their final destination. The Consulate General does not have the permission of the British authorities to interview all travelers and has to be careful not to get into trouble with the authorities on this point.

25X6 [REDACTED]

We agree that the British interrogations are not as satisfactory as we would like. The Consulate General and the Department are aware of the desirability of US participation in their interrogations and have frequently tried to do something about it. There are, however, many difficulties in accomplishing such an objective. The British have consistently opposed proposals for a joint interrogation team. The most the Consulate General has been able to do in this line is to give them guidance requirements from time to time and get copies of their reports. You no doubt remember the problems Alex Ekstein ran into when he was in Hong Kong to interview the white Russian emigres and that it was finally necessary to withdraw one of the interrogation team to pacify the authorities.

25X1A

Apparently [REDACTED] is not familiar with the British "Uplift" interrogation program which is limited to interviews with Chinese.

The reports

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The reports have been very poor, but there have been approximately eighteen of them submitted since early November. Last fall the Consulate General suggested a project to interview selected Chinese. Before details and money could be arranged, however, the Consulate General requested postponement of it in view of the British project. Most of the Chinese so far interviewed by the British came from China too long ago to be of any real intelligence interest.

25X1A

25X1C

In sum, I cannot agree with [redacted] conclusion that the [redacted] We have already transmitted copies of a very bulky "Comprehensive Economic Requirements - Communist China" to the Consulate General and we will of course welcome any additional guidance material which you may wish to submit. However, it should be noted that in accordance with the directive of the Sub-Committee on Requirements of the EIC, a regular CERP program was prepared by our Division of Foreign Reporting Services last year directed at Hong Kong. Any special requests could therefore be incorporated into the Comprehensive Economic Reporting Program in the normal way.

Edward J. Carroll

Edward J. Carroll

Assistant Chief

Division of Acquisition and Distribution

P. S.

Paul,
Hasn't Jim overlooked completely the most important aspect i.e. the regular Economic reporting. It seems to me that he has examined only part of the problem. *Ed*

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SPECIAL ASSISTANT TO THE SECRETARY OF STATE
WASHINGTON

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Dear Otto:

Thank you very much for sending me a copy of the
paper entitled [REDACTED]
prepared by a member of your staff.

25X6□

I found the paper interesting reading and I am
sure that it will prove to be a valuable reference
document. I have circulated it to other officers in
the Department who have an interest in the subject so
they may read it and know that it will be available
in the Department for future reference.

Sincerely yours,

Park
W. Park Armstrong, Jr.

Otto E. Guthe, Esquire
Assistant Director,
Research and Reports,
Central Intelligence Agency

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